

**R.J. REYNOLDS**  
**Tobacco Company**

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To: All S/R's

Date: October 3, 1996

Subject: Albany Division Contract Standards

Ladies and Gentlemen:

Some time ago, I sent to each of you a letter indicating certain standards that I wanted you to follow in contracting display positions in your retail calls. In the last few weeks, I've been in several stores in the division where we are not living up to those standards.

Specifically, BAT is moving our displays and placing us in a secondary position to themselves. I want everyone to be very clear on my position concerning BAT's activity, **under no circumstances are you to allow our displays to be in a secondary location to BAT's.** The only exception to this rule is in cases where you have discussed the situation with me, and we have agreed that it is our only alternative. These exceptions should be very rare, and only in cases where our SOM is so low, we can agree it is the only alternative while we build our share.

Examples of secondary positioning include:

- RJR primary FP secondary to BAT FP or savings displays
- RJR 2nd FP in a secondary location to any savings brands
- Doral display inferior in size/placement to BAT or Lorillard
- RJR PDI/POS not at parity with competitors

While I know that each of you have strived for this in your negotiations, BAT is arguing, in some cases successfully, that **they** should occupy the second position since they pay more than RJR (Due to high GPC sales). You must hold the line on their activity. Calls that refuse your request should be advised they will no longer be able to participate in our partners programs, i.e. Contracts, GAP promotions, VAP, etc.

I understand that this will result in some stores no longer being under contract with us and I will be happy to assist you in presenting your most difficult accounts prior to you pulling the contracts.

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This is a war we can't afford to lose. I'm counting on each of you to stand firm on this issue. I've very confident that our talent far exceeds our competitors, and that **yours** is the finest in the industry.

Sincerely,

*Rick*

R.J. Westenberger

cc: RSM B. Roth  
RJW/rjw

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